

Revenue Review Meeting

June 15, 2006

AGENDA

REVENUE REVIEW MEETING

June 15, 2006



- ❖ **OTHER AGENCY REVENUES**
- ❖ **2005-07 BIENNIUM**
- ❖ **2007-09 BIENNIUM**
- ❖ **BACKGROUND**
- ❖ **ADOPTION OF THE OFFICIAL FORECAST**

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2006 to February 2006 Forecast
2005-07 Biennium
(Amounts in Millions)

Source/Agency	February 2006 Baseline	Non-Economic Changes	Forecast Changes	June 2006 Baseline	Total Changes
Department of Licensing	\$40.4	\$0.0	\$1.2	\$41.6	\$1.2
Insurance Commissioner Insurance Premiums	\$495.9	\$0.0	-\$3.1	\$492.8	-\$3.1
Liquor Control Board Liquor Profits and Fees	\$95.3	\$0.4	-\$1.2	\$94.5	-\$0.8
Beer and Wine Surtax	\$4.2	\$0.0	-\$0.3	\$3.9	-\$0.3
Lottery Commission Lottery Revenue	\$1.9	\$0.0	\$6.0	\$7.9	\$6.0
State Treasurer Interest Earnings	\$133.2	-\$5.2	\$1.9	\$130.0	-\$3.3
Office of Financial Management Other Agencies	\$18.4	\$0.0	\$2.3	\$20.7	\$2.3
Total General Fund-State	\$789.3	-\$4.8	\$6.9	\$791.3	\$2.0

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2006 Baseline to Alternative Forecasts
2005-07 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$42.8	\$41.6	\$40.4
Insurance Commissioner Insurance Premiums	\$505.1	\$492.8	\$480.5
Liquor Control Board Liquor Profits and Fees	\$96.4	\$94.5	\$92.6
Beer and Wine Surtax	\$4.0	\$3.9	\$3.8
Lottery Commission Lottery Revenue	\$11.9	\$7.9	\$1.9
State Treasurer Interest Earnings	\$164.9	\$130.0	\$105.7
Office of Financial Management Other Agencies	\$31.2	\$20.7	\$10.2
Total General Fund-State	\$856.3	\$791.3	\$735.0
Change from 6/06 Baseline	\$64.9		-\$56.3
Change from 2/06 Baseline	\$67.0	\$2.0	-\$54.3

* Detail may not total due to rounding.

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2006 to February 2006 Forecast
2005-07 Biennium
(Amounts in Millions)

Source/Agency	February 2006 Baseline	Non-Economic Changes	Forecast Changes	June 2006 Baseline	Total Changes
Department of Licensing	\$40.6	\$0.0	\$1.2	\$41.8	\$1.2
Insurance Commissioner Insurance Premiums	\$495.9	\$0.0	-\$3.1	\$492.8	-\$3.1
Liquor Control Board Liquor Profits and Fees	\$95.3	\$0.4	-\$1.2	\$94.5	-\$0.8
Beer and Wine Surtax	\$4.2	\$0.0	-\$0.3	\$3.9	-\$0.3
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$6.0	\$6.0	\$6.0
State Treasurer Interest Earnings	\$134.8	-\$5.7	\$1.7	\$130.7	-\$4.1
Office of Financial Management Other Agencies	\$18.6	\$0.0	\$2.2	\$20.8	\$2.2
Total General Fund-State	\$789.4	-\$5.4	\$6.6	\$790.5	\$1.2

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2006 Baseline to Alternative Forecasts
2005-07 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$43.1	\$41.8	\$40.6
Insurance Commissioner Insurance Premiums	\$505.1	\$492.8	\$480.5
Liquor Control Board Liquor Profits and Fees	\$96.4	\$94.5	\$92.6
Beer and Wine Surtax	\$4.0	\$3.9	\$3.8
Lottery Commission Lottery Revenue	\$10.0	\$6.0	\$0.0
State Treasurer Interest Earnings	\$167.5	\$130.7	\$105.2
Office of Financial Management Other Agencies	32.8	20.8	8.8
Total General Fund-State	\$858.8	\$790.5	\$731.5
Change from 6/06 Baseline	\$68.3		-\$59.1
Change from 2/06 Baseline	\$69.5	\$6.6	-\$57.9

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2006 to February 2006 Forecast
2007-09 Biennium
(Amounts in Millions)

Source/Agency	February 2006 Baseline	Non-Economic Changes	Forecast Changes	June 2006 Baseline	Total Changes
Department of Licensing	\$43.9	\$0.0	\$2.2	\$46.0	\$2.2
Insurance Commissioner Insurance Premiums	\$553.5	\$0.0	-\$9.2	\$544.3	-\$9.2
Liquor Control Board Liquor Profits and Fees	\$108.4	\$0.7	\$5.1	\$114.1	\$5.8
Beer and Wine Surtax	\$4.5	\$0.0	-\$0.2	\$4.4	-\$0.2
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$128.7	-\$12.3	\$17.1	\$133.5	\$4.8
Office of Financial Management Other Agencies	\$9.0	-\$1.1	\$1.8	\$9.7	\$0.6
Total General Fund-State	\$848.0	-\$12.7	\$16.7	\$852.0	\$4.0

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2006 Baseline to Alternative Forecasts
2007-09 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$47.4	\$46.0	\$44.6
Insurance Commissioner Insurance Premiums	\$557.9	\$544.3	\$530.7
Liquor Control Board Liquor Profits and Fees	\$116.4	\$114.1	\$111.9
Beer and Wine Surtax	\$4.4	\$4.4	\$4.3
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$197.4	\$133.5	\$74.5
Office of Financial Management Other Agencies	\$22.2	\$9.7	-\$2.8
Total General Fund-State	\$945.7	\$852.0	\$763.1
Change from 6/06 Baseline	\$93.7		-\$88.8
Change from 2/06 Baseline	\$97.8	\$4.0	-\$84.8

* Detail may not total due to rounding.

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2006 to February 2006 Forecast
2007-09 Biennium
(Amounts in Millions)

Source/Agency	February 2006 Baseline	Non-Economic Changes	Forecast Changes	June 2006 Baseline	Total Changes
Department of Licensing	\$44.1	\$0.0	\$2.2	\$46.3	\$2.2
Insurance Commissioner Insurance Premiums	\$553.5	\$0.0	-\$9.2	\$544.3	-\$9.2
Liquor Control Board Liquor Profits and Fees	\$108.4	\$0.7	\$5.1	\$114.1	\$5.8
Beer and Wine Surtax	\$4.5	\$0.0	-\$0.2	\$4.4	-\$0.2
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$127.9	-\$12.3	\$18.1	\$133.7	\$5.8
Office of Financial Management Other Agencies	\$9.2	-\$1.1	\$1.8	\$9.8	\$0.6
Total General Fund-State	\$847.6	-\$12.7	\$17.7	\$852.6	\$5.0

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2006 Baseline to Alternative Forecasts
2007-09 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$47.7	\$46.3	\$44.9
Insurance Commissioner Insurance Premiums	\$557.9	\$544.3	\$530.7
Liquor Control Board Liquor Profits and Fees	\$116.4	\$114.1	\$111.9
Beer and Wine Surtax	\$4.4	\$4.4	\$4.3
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$197.6	\$133.7	\$74.7
Office of Financial Management Other Agencies	23.8	9.8	-4.2
Total General Fund-State	\$947.8	\$852.6	\$762.2
Change from 6/06 Baseline	\$95.2		-\$90.3
Change from 2/06 Baseline	\$100.2	\$17.7	-\$85.4

* Detail may not total due to rounding.

Changes to the General Fund-State Cash Forecast-by Agency
Comparison of the June 2006 to the February 2006 Forecast
2005-07 Biennium
Millions of Dollars

	February 2006 <u>Forecast</u> ¹	Jun-06 Forecast <u>Change</u>	June 2006 Non-economic <u>Changes</u> ³	June 2006 <u>Forecast</u> ²	Total <u>Change</u> *
Department of Revenue	\$25,653.7	\$511.4	\$10.6	\$26,175.7	\$521.9
All other Agencies	\$789.3	\$6.9	(\$4.8)	\$791.3	\$2.0
Total General Fund-State*	\$26,443.0	\$518.2	\$5.7	\$26,967.0	\$523.9

*Detail may not add to totals due to rounding.

1: Adopted by the Forecast Council February 2006

2: Adopted by the Forecast Council June 2006.

3: Impact of 2006 Legislation,

June 2006

Cash Basis

Alternative Forecasts

2005-07 Biennium

Millions of Dollars

	<u>2005-07 Biennium</u>	<u>Difference From the June 2006 Baseline</u>
June 2006 Baseline (50 %)	\$26,967	
June 2006 Alternative Forecasts		
Optimistic (20 %)	\$27,458	\$491
Pessimistic (30 %)	\$26,401	(\$566)
GCEA*	\$26,899	(\$68)

* Based on the Governor's Council of Economic Advisors Assumptions.

General Fund-State Cash Forecast
Summary of June 2006 Changes to GFS Forecast
2005-07 Biennium
Millions of Dollars

	Collection Experience: Feb. 11 - June 10, 2006			Remainder of the Biennium (6/11/2006 - 6/30/07)		Total Change
	<u>Actual Variance*</u>	<u>Special Factors-1</u>	<u>Variance Excluding Special Factors</u>	<u>Forecast Change</u>	<u>Other²</u>	<u>2005-07 Biennium</u>
Revenue Act**	\$119.2	15.9	\$103.3	242.7	10.4	\$372.3
Non Revenue Act	\$15.8	3.9	\$11.9	133.7	0.1	\$149.6
Property tax	(\$13.4)		(\$13.4)	12.1	0.3	(\$1.0)
Real estate ex. tax	\$32.2	3.9	\$28.3	104.9		\$137.0
Cigarette	\$0.7		\$0.7	2.4		\$3.1
other	(\$3.7)		(\$3.7)	14.3	(0.1)	\$10.4
Department of Revenue Subtotal	\$135.0	\$19.8	\$115.2	\$376.4	\$10.6	\$521.9
Department of Licensing	\$0.5		\$0.5	\$0.7		\$1.2
Lottery	0.0		\$0.0	\$6.0		\$6.0
All other	#N/A		#N/A	(\$0.3)	(4.8)	(\$5.2)
Total General Fund-State	<u>\$135.5</u>	<u>\$19.8</u>	<u>\$115.7</u>	<u>\$382.8</u>	<u>\$5.7</u>	<u>\$523.9</u>

*Variance since the last (February 2006) forecast (Feb. 11 -June 10, 2006.)

**Retail sales, business & occupation, use, public utilities and tobacco products taxes and penalties & interest.

1-Unusually large audit payments and an accounting adjustment.

2-Impact of 2006 legislation.

Department of Revenue General Fund Forecast
2005-07 Biennium; Cash Forecast
Comparison of the June 2006 to the February 2006 Forecast
Millions of Dollars

Source	February 2006 Forecast-1	Non-Economic Change	Forecast Change	June 2006 Baseline-2	Total Change
Retail Sales	\$13,597.7	\$41.2	\$257.1	\$13,896.0	\$298.3
Business & Occupation	4,839.4	(19.1)	100.7	4,921.0	81.6
Use	962.1	(2.3)	(7.4)	952.4	(9.7)
Public Utility	655.3	(3.5)	7.2	659.0	3.8
Tobacco Products	19.2	(0.0)	(3.5)	15.7	(3.5)
Penalty & Interest	253.5	(5.9)	7.7	255.2	1.7
Revenue Act Subtotal	20,327.0	10.4	361.9	20,699.4	372.3
Liquor Sales/Liter	282.5	0.0	5.5	288.0	5.5
PUD Privilege	80.2	0.0	(0.1)	80.0	(0.1)
Cigarette	100.3	0.0	3.1	103.4	3.1
Property (State School Levy)	2,782.5	0.3	(1.2)	2,781.5	(1.0)
Inheritance/Estate	6.2	0.0	(1.2)	5.1	(1.2)
Leasehold Excise	43.7	0.0	1.8	45.5	1.8
Fish Excise	4.8	0.0	(0.3)	4.5	(0.3)
Real Estate Excise	1,660.9	0.0	137.0	1,797.9	137.0
other	346.6	(0.1)	5.2	351.6	5.0
Non Revenue Act Subtotal	5,307.7	0.1	149.8	5,457.6	149.9
State Share- Timber Ex.	19.0	0.0	(0.3)	18.7	(0.3)
Total DOR General Fund	\$25,653.7	\$10.6	\$511.4	26,175.7	\$521.9

1-Adopted by the Forecast Council, February 2006

2-Adopted by the Forecast Council, June 2006.

2005-07 Biennial Balance Sheet Including Enacted 2006 Supplemental Budget

General Fund-State Dollars in Millions

RESOURCES	
Beginning Fund Balance	869.7
February 2006 Forecast	26,443.0
June 2006 Update	518.2
2006 Supplemental: Legislation Impacting Revenues	
Revenue Policy Legislation (Net)	5.7
Current Revenue Totals	26,967.0
Legislatively-enacted fund transfers and other adjustments	205.9
Total Resources (Includes Fund Balance)	28,042.6
APPROPRIATIONS AND SPENDING ESTIMATES	
2005-07 Appropriations	25,952.4
2006 Supplemental Budget	
Maintenance and Policy Expenditures	522.5
Appropriations to Reserves and Other Funds	825.0
Governor's Vetoes	(2.0)
Spending Level	27,297.9
UNRESTRICTED RESERVES	
Projected General Fund Ending Balance	744.7

Note: In addition to the projected General Fund ending balance, the 2006 Legislature created the following reserves:

Student Achievement Fund - \$277 million
 Health Services Account - \$161.4 million
 Pension Funding Stabilization Account - \$301.4 million.

The combined total of these four reserves is \$1,484.5 million.

Track Record for the 2005-07 General Fund-State Cash Forecast

February 2004 through June 2006

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
February 2004****	\$24,293	\$660				\$24,953
Changes to Forecast						
June 2004	57	4	62	(265) #1	(203)	24,750
September 2004	32	16	48	(22) #2	26	24,776
November 2004	(57)	3	(54)	0	(54)	24,722
March 2005	424	14	438	(275) #3	164	24,885
June 2005	327	14	341	159 #4	499	25,385
September 2005	631	15	646	0	646	26,031
November 2005	306	24	330	(25) #5	305	26,336
February 2006	138	21	159	(52) #6	107	26,443
June 2006	511	7	518	6 #7	524	26,967
Total change***:						
From February 2004	2,370	118	2,487	(474)	2,014	
Percent change	9.8%	17.9%	10.0%	-1.9%	8.1%	

* Excludes legislative, judicial, statutorily required or other major non-economic changes.

** Includes legislative, judicial, statutorily required or other major non-economic changes.

*** Detail may not add to total due to rounding.

**** First official forecast for the 2005-07 biennium.

#1 Change to the forecast due to 2004 legislation.

#2 Revision to fiscal note for high tech tax incentives

#3 Impact of the state Supreme Court decision invalidating the estate tax and lowering the b&O rate on certain meat products

#4 Impact of 2005 legislation, budget driven revenue on the GFS forecast (+\$353.8 million) and shift refunds associated with the two recent court decisions from fy 2005 to fy 2006 (-\$195.0 million)

#5 The combined impact of I-900 on GFS revenue, revision to the impact of the Agrilink court case on GFS revenue, an accounting adjustment and the impact of a 2003 tax law change.

Changes to the General Fund-State Cash Forecast-by Agency
Comparison of the June 2006 to the February 2006 Forecast
2007-09 Biennium
Millions of Dollars

	February 2006 <u>Forecast</u> ¹	June 2006 <u>Forecast</u> <u>Change</u>	June 2006 Non-economic <u>Changes</u> ³	June 2006 <u>Forecast</u> ²	Total <u>Change</u> *
Department of Revenue	\$28,179.7	\$530.7	(\$99.2)	\$28,611.3	\$431.5
All other Agencies	\$848.0	\$16.8	(\$12.7)	\$852.0	\$4.1
Total General Fund-State*	\$29,027.7	\$547.5	(\$111.9)	\$29,463.3	\$435.6

*Detail may not add to totals due to rounding.

1: Adopted by the ERFC February 2006.

2: Adopted by the ERFC June 2006.

3: Impact of 2006 legislation..

June 2006

Cash Basis

Alternative Forecasts

2007-09 Biennium

Millions of Dollars

	<u>2007-09 Biennium</u>	<u>Difference From the February 2006 Baseline</u>
June 2006 Baseline (50%)	\$29,463	
June 2006 Alternative Forecasts		
Optimistic (20 %)	\$31,500	\$2,036
Pessimistic (30 %)	\$27,652	(\$1,811)
GCEA*	\$29,367	(\$97)

* Based on the Governor's Council of Economic Advisors Assumptions.

Department of Revenue General Fund Forecast
2007-09 Biennium; Cash Forecast
Comparison of the June 2006 to the February 2006 Forecast
Millions of Dollars

Source	February 2006 Forecast¹	Non-Economic Change³	Forecast Change	June 2006 Baseline²	Total Change
Retail Sales	\$15,092.4	\$27.2	\$266.2	\$15,385.7	\$293.3
Business & Occupation Use	\$5,409.2	(78.5)	107.9	5,438.6	29.40
Public Utility	\$1,086.8	(3.4)	6.4	1,089.8	3.00
Tobacco Products	\$688.5	(1.0)	9.8	697.2	8.72
Penalty & Interest	\$21.5	(0.0)	(3.8)	17.6	(3.83)
	\$285.2	(12.4)	(0.4)	272.4	(12.85)
Revenue Act Subtotal	\$22,583.6	(68.3)	386.0	22,901.3	317.76
Liquor Sales/Liter	\$297.6	0.0	13.7	311.3	13.73
PUD Privilege	\$90.1	0.0	0.3	90.4	0.31
Cigarette	\$97.2	0.0	3.6	100.9	3.63
Property (State School Levy)	\$2,985.5	1.1	3.8	2,990.4	4.89
Inheritance/Estate	\$0.0	0.0	-	0.0	-
Leasehold Excise	\$48.7	0.0	1.1	49.8	1.10
Fish Excise	\$5.1	0.0	(0.0)	5.1	(0.02)
Real Estate Excise	\$1,691.0	0.0	113.1	1,804.1	113.08
other	\$360.6	(32.0)	7.5	336.1	(24.51)
Non Revenue Act Subtotal	\$5,575.8	(30.9)	143.1	5,688.0	112.20
State Share- Timber Ex.	\$20.3	0.0	\$1.6	21.9	1.57
Total DOR General Fund	\$28,179.7	(\$99.2)	\$530.7	28,611.3	\$431.5

1-Adopted by the Forecast Council February 2006.

2-Adopted by the Forecast Council June 2006.

3-Impact of 2006 legislation

Summary of 2006 Legislation- General Fund-State
2005-07 & 2007-09 Biennia
Millions of dollars

Agency/Bill		Fiscal 06	Fiscal 07	05-07 Biennium	Fiscal 08	Fiscal 09	07-09 Biennium
Department of Revenue							
SHB 1523	Sales tax deferral; conditioning of vegetable seeds	\$0.0	(\$1.1)	(\$1.1)	(\$1.3)	(\$1.3)	(\$2.6)
ESHB 1672	B&O tax credit for hospitals; patient-lifting devices; G.F. impact	0.0	0.0	0.0	(0.6)	0.0	(0.6)
HB 2348	Incentives for aluminum manuf. extended five years	0.0	(1.1)	(1.1)	(2.3)	(2.3)	(4.7)
HB 2364	Use tax exemption; certain items acquired by state credit unions	0.0	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)
HB 2416	State park fees	(0.0)	(0.2)	(0.3)	(0.2)	(0.2)	(0.4)
HB 2424	Sales tax exemption; diesel fuel used on farms	(0.7)	(3.9)	(4.5)	(4.0)	(4.1)	(8.1)
SHB 2457	Sales tax exemption; replacement parts for farm machinery	0.0	(5.8)	(5.8)	(6.5)	(6.7)	(13.3)
HB 2466	Expansion of aerospace tax incentives	0.0	(2.9)	(2.9)	(3.7)	(3.8)	(7.5)
SHB 2569	Senior citizens property tax deferral; interest rate reduced	0.0	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)
SHB 2640	Sales tax deferral/exemption for biotechnology investments	0.0	(1.4)	(1.4)	(1.6)	(1.7)	(3.3)
HB 2644	Public utility tax credit for billing discounts; \$3 million increase	0.0	(3.0)	(3.0)	0.0	0.0	0.0
HB 2671	Excise tax due date moved back to 25th; assessment penalty revised	0.0	(5.9)	(5.9)	(6.2)	(6.2)	(12.4)
E2SHB 2673	Tax increment financing; state-credited local sales tax	0.0	0.0	0.0	0.0	(5.0)	(5.0)
SHB 2778	B&O exemption; nonprofit org. receipts for tourism promotion	0.0	(0.2)	(0.2)	(0.2)	(0.2)	(0.5)
2SHB 2799	Sales tax exemption for solar hot water systems	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
SHB 2880	Sales tax liability of insurance companies; telephone service	8.0	43.6	51.6	45.1	20.4	65.4
EHB 3159	B&O and sales tax exemptions; dairy & seafood processors	0.0	(2.8)	(2.8)	(3.2)	(3.3)	(6.5)
SHB 3190	Sales/B&O tax incentives; producers of semiconductor materials	0.0	0.0	0.0	(0.5)	(1.3)	(1.8)
ESHB 3222	Sales tax exemption for livestock feeding operations	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
ESB 5048	Cigarette/ OTP sampling prohibited; GF impact (OTP & use tax)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
SSB 6141	Wind turbines excluded from property tax levy limits	0.0	0.3	0.3	0.5	0.6	1.1
ESSB 6230	State-credited local sales tax for regional centers extended	0.0	(0.4)	(0.4)	(0.6)	(0.7)	(1.3)
2SSB 6326	B&O tax credit for workforce training	0.0	(0.9)	(0.9)	(1.6)	(1.4)	(3.0)
SB 6368	Nursing home fee is repealed, 7/1/2007	0.0	0.0	0.0	(15.0)	(16.4)	(31.4)
SSB 6512	B&O and sales tax exemptions for truck stops (land-based power)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
SSB 6533	B&O tax credit for syrup tax paid on carbonated beverage syrup	0.0	(2.3)	(2.3)	(5.1)	(7.8)	(12.9)
ESB 6537	Use tax on wine shipped from out of state directly to consumers	0.0	2.5	2.5	2.5	2.6	5.1
2SSB 6558	B&O tax credit for contributions to motion picture program	0.0	(3.5)	(3.5)	(3.5)	(3.5)	(7.0)
SSB 6671	Professional employer organizations; deduction for certain payments	0.0	(2.1)	(2.1)	(3.3)	(3.4)	(6.7)
SSB 6686	State-credited local sales tax; municipal services in annexed areas	0.0	0.0	0.0	0.0	(7.7)	(7.7)
SB 6826	Public utility tax deduction for public transit	0.0	(0.5)	(0.5)	(0.5)	(0.5)	(1.0)
SSB 6874	Preferential B&O rates for timber extracting, manuf. of wood products	0.0	(4.6)	(4.6)	(15.6)	(17.0)	(32.6)
	Subtotal: DOR	7.3	3.3	10.6	(27.7)	(71.5)	(99.2)
Liquor Control Board							
ESB 6537	Shipment of Wine	0.0	0.3	0.3	0.3	0.3	0.7
2ssb 6823	Distribution of Beer and Wine	0.0	0.0	0.0	0.0	0.0	0.0
	Subtotal: LCB	0.0	0.4	0.4	0.4	0.4	0.7
State Treasurer							
HB 2671	Excise Tax relief	0.0	(5.2)	(5.2)	(6.0)	(6.3)	(12.3)
Office of Financial Management/Other agencies							
SSB 5236	Prevailing wage program	0.0	0.0	0.0	(0.6)	(0.6)	(1.1)
Total GFS;		\$7.3	(\$1.6)	\$5.7	(\$33.9)	(\$78.0)	(\$111.9)

Top Ten Concerns

1. Unsustainably high revenue elasticity
2. Construction-driven jobs
3. Construction-driven revenues
4. Construction-driven economy
5. Higher energy costs are expected to remain high
6. Higher interest rates
7. Housing losing ground
8. Over-extended consumers
9. Signs of abnormality
10. Commodities gone wild

Impact of Construction Employment in Recent Expansionary Periods

April 1991-March 2001

	Washington	US
Nonfarm Jobs Created (000)	554	24,179
Construction Jobs (000)	47.3	2,020
Construction Share of New Jobs	8.5%	8.4%
Construction Share of Total Employment April 1991	5.3%	4.5%
Construction Share of Total Employment March 2001	6.0%	5.2%

November 2001-May 2006

Nonfarm Jobs Created (000)	193	4,223
Construction Jobs (000)	39.9	728
Construction Share of New Jobs	20.7%	17.2%
Construction Share of Total Employment November 2001	5.8%	5.2%
Construction Share of Total Employment May 2006	6.8%	5.6%

Multiplier Effects: November 2001 - May 2006

Construction Employment Multiplier (OFM Input-Output Model): 2.184

Additional Employment due to Construction Jobs (000)	47.2	862
Estimated New Jobs Directly and Indirectly Related to Construction (000)	87.1	1,590
Percent of New Jobs Directly and Indirectly Related to Construction	45.2%	37.6%

**June 2006 GFS Forecast
Change to the GFS Forecast
2005-07 Biennium; Millions of Dollars**

	<u>Change</u>	<u>Percent of Total Change</u>	<u>Percent of Total GFS Revenue</u>
Total Change	\$523.9	100.0%	100%
Construction Related*	\$277.9	53.0%	22%
All other	\$246.1	47.0%	78%

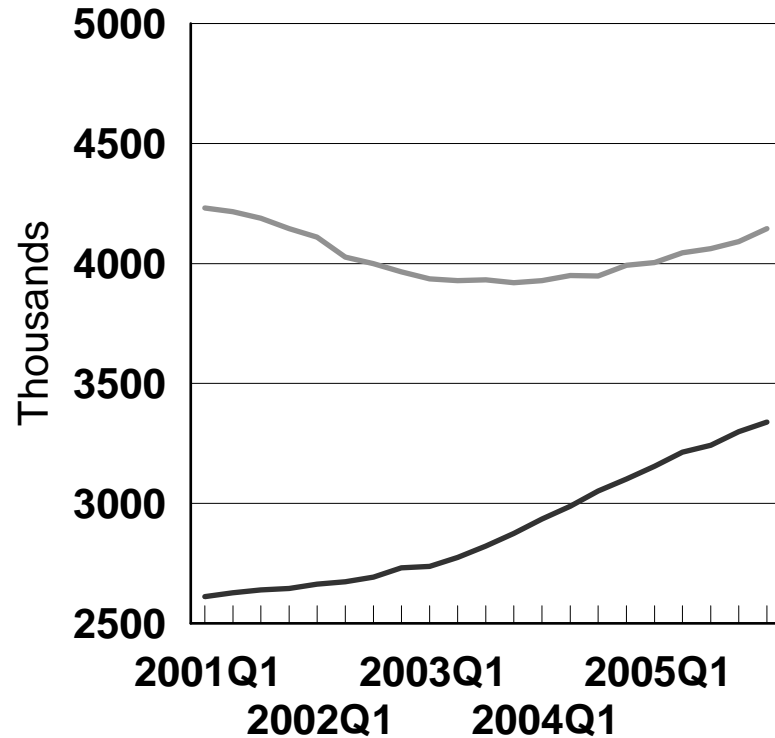
*Real estate ex. tax plus construction/housing related sectors of the retail sales tax.

Washington 2006 Payroll Employment Growth by Industry

	<u>Job Growth, Thousands</u>		<u>Annualized % Growth</u>	
	April to May 2006	Dec. 2005 to May 2006	April to May 2006	Dec. 2005 to May 2006
Total	2.1	39.3	0.9	3.4
Natural Resources and Mining	0.0	-0.2	0.0	-5.4
Construction	-0.5	8.0	-3.0	10.6
Manufacturing Excluding Aerospace	0.0	1.4	0.0	1.6
Aerospace Product and Parts Manufacturing	0.4	1.8	6.9	6.2
Wholesale Trade	0.0	1.0	0.0	1.9
Retail Trade	-0.7	4.1	-2.5	3.1
Transportation, Warehousing and Utilities	-0.3	2.4	-3.7	6.4
Information	-0.3	1.7	-3.6	4.3
Financial Activities	0.1	0.5	0.8	0.8
Professional and Business Services	1.4	7.9	5.2	6.0
Education and Health Services	0.8	2.7	2.9	2.0
Leisure and Hospitality	0.4	4.5	1.8	4.0
Other Services	0.1	1.0	1.1	2.3
Government Education	0.1	1.2	0.5	1.2
Government Non-Education	0.6	1.3	2.5	1.1
Seattle-Bellevue-Everett MSA	1.1	21.9	0.9	3.8
Tacoma MSA	0.5	2.5	2.2	2.2
Spokane MSA	0.0	1.2	0.0	1.4
Rest of WA	0.5	13.7	0.6	3.5

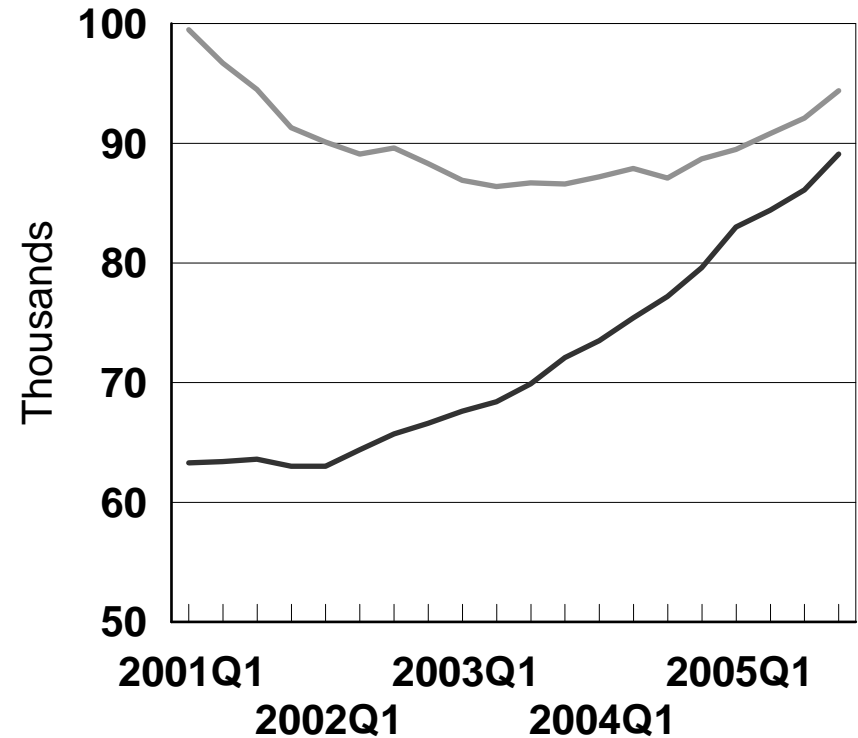
Construction Employment 2001-2005

United States



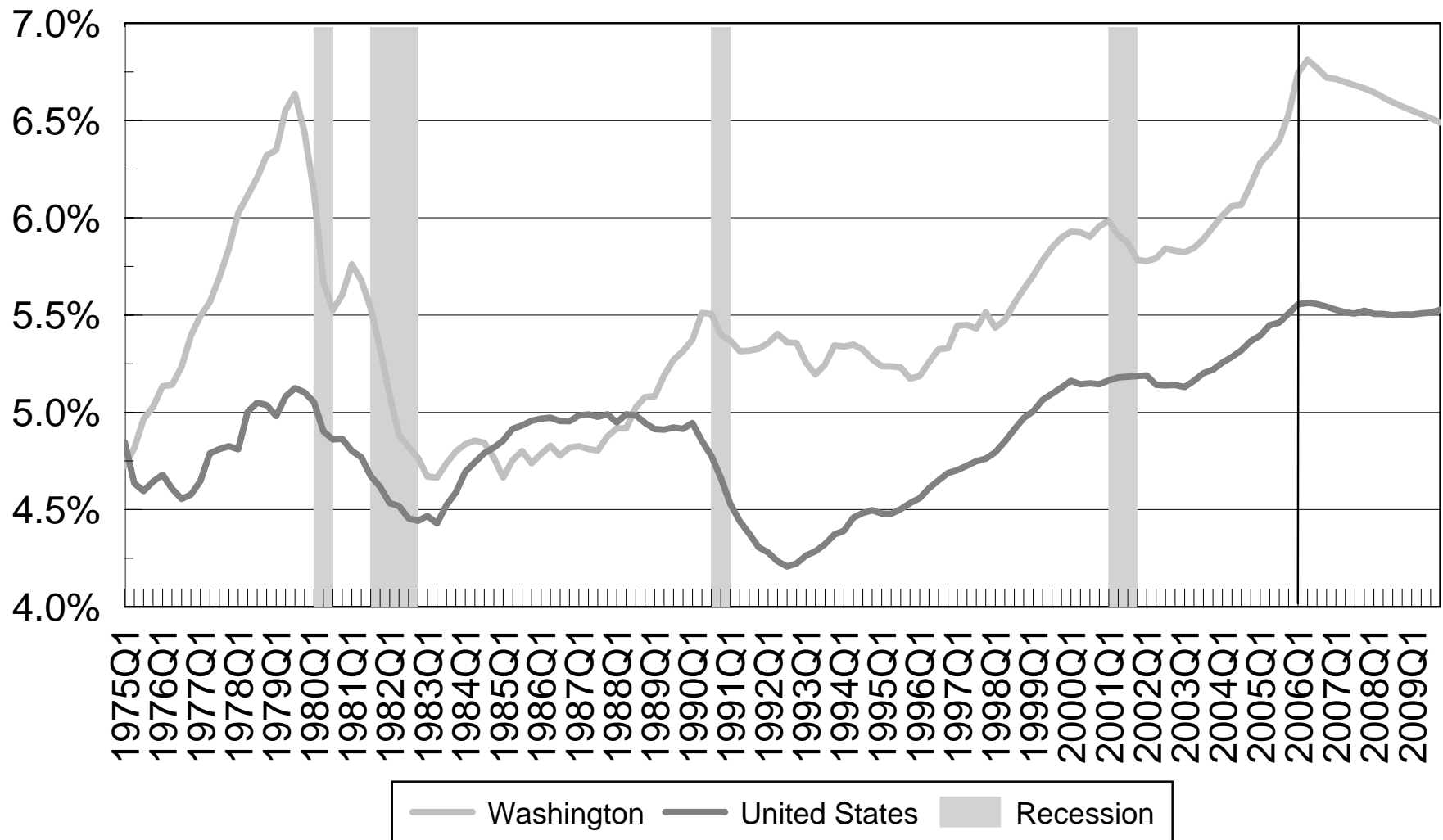
— Residential Building & Related Special Trades — All Other

Washington



— Residential Building & Related Special Trades — All Other

Construction's Share of Total Employment

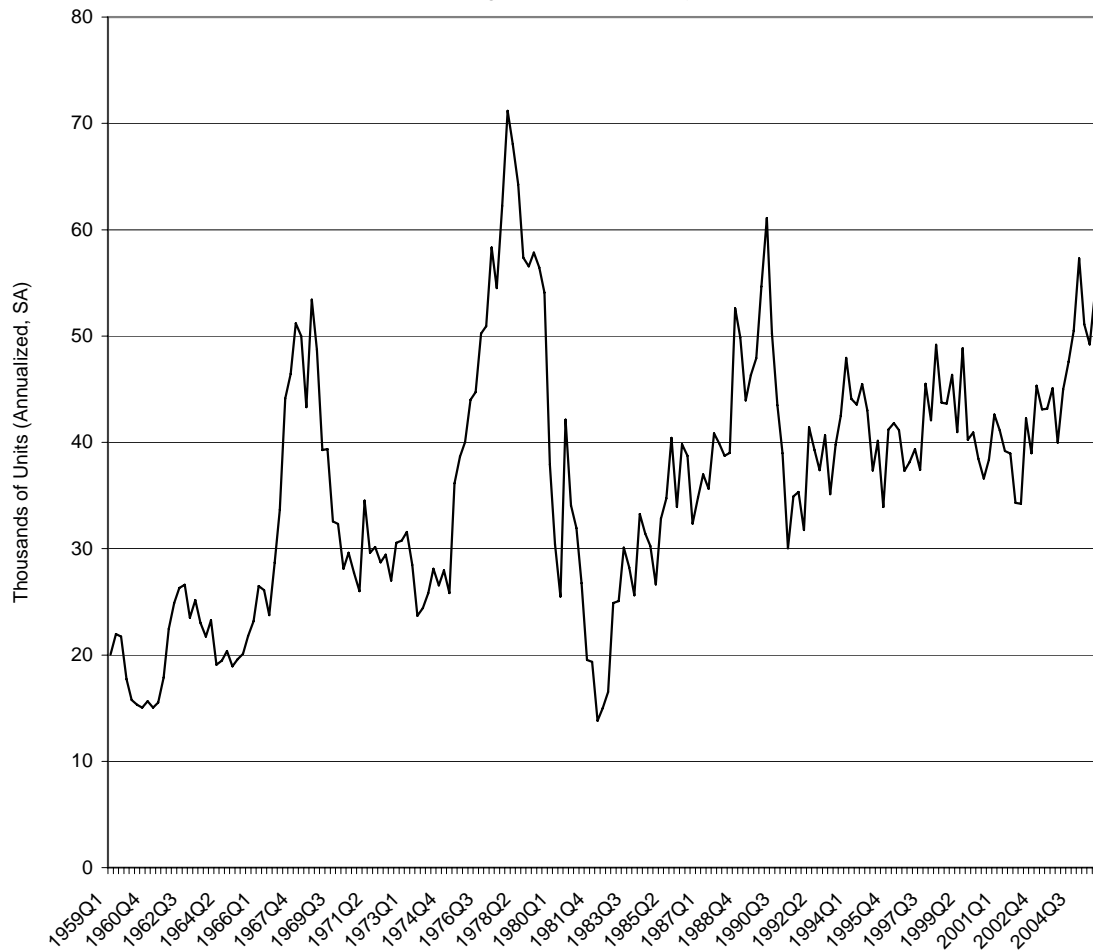


Peaks and Troughs in WA Housing Permits

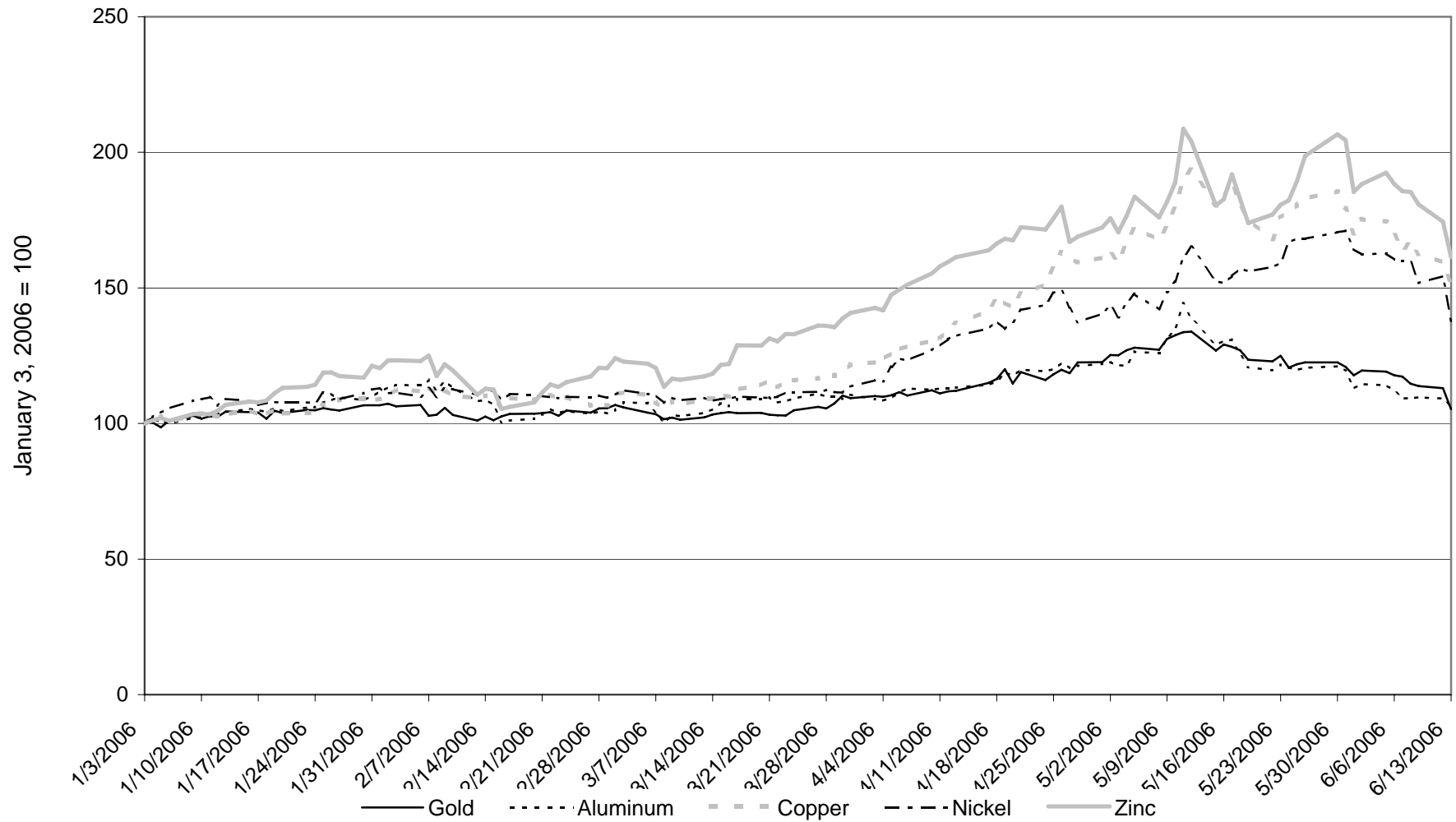
Peak	Units (000, annualized)	Trough	Units	Peak-to-Trough % Change	Number of Quarters to Reach Trough	YOY Emp. Growth at Peak	YOY Emp. Growth at Trough
1959Q2	22.0	1961Q1	15.0	-32%	7	NA	-1.6%
1962Q3	26.6	1964Q4	18.9	-29%	9	4.5%	1.1%
1968Q3	53.4	1973Q3	23.7	-56%	20	5.3%	4.5%
1977Q4	71.2	1982Q1	13.8	-81%	17	6.6%	-2.2%
1990Q1	61.1	1991Q1	30.0	-51%	4	5.9%	1.9%
1993Q4	47.9	1995Q3	33.9	-29%	7	1.6%	1.7%
1998Q1	49.2	2002Q1	34.2	-30%	16	3.7%	-2.6%
2005Q4	57.7					3.0%	
Average	48.6		24.2	-44%	11.4	4.4%	0.4%
Current:							
2006Q1	47.5	Peak-Curent:		-18%			

Washington Housing Permits

Sum of Single and Multi-Family Units



2006 Metals Spot Prices



Source: London Metals Exchange, MSN (gold prices tracked through GLD Exchange-Traded Fund)

CRB Raw Industrial Commodities Spot Price Index

Seasonally Adjusted



Growth Rates of Major Excise Taxes and Economic Drivers

Percent Change from the Year-Ago Level

	Employment	Personal Income		Revenue Act*	
		Nominal	Real	Nominal	Real
1994:1	2.1	4.8	2.8	7.1	5.1
1994:2	2.0	4.7	2.8	5.0	3.1
1994:3	1.8	5.4	3.0	4.5	2.1
1994:4	2.5	5.6	3.3	6.7	4.3
1995:1	2.5	6.8	4.3	3.8	1.4
1995:2	2.3	5.2	2.8	5.8	3.3
1995:3	1.7	5.2	3.3	5.3	3.3
1995:4	0.9	4.1	2.2	1.3	-0.6
1996:1	1.8	6.4	4.2	5.4	3.3
1996:2	2.3	7.3	5.1	4.0	1.9
1996:3	3.2	8.0	5.8	6.2	3.9
1996:4	4.4	8.5	6.0	6.5	4.0
1997:1	3.9	8.0	5.7	8.8	6.5
1997:2	4.3	7.6	5.7	8.0	6.2
1997:3	4.1	7.0	5.3	7.8	6.1
1997:4	4.0	7.4	6.1	10.0	8.7
1998:1	3.7	8.8	7.9	3.7	2.8
1998:2	3.4	9.0	8.1	7.4	6.5
1998:3	3.1	9.8	8.8	6.6	5.6
1998:4	2.7	8.7	7.7	6.8	5.8
1999:1	2.4	7.4	6.2	7.6	6.4
1999:2	1.7	5.3	3.7	6.0	4.4
1999:3	2.0	6.6	4.6	6.8	4.9
1999:4	2.0	9.4	7.1	5.4	3.3
2000:1	2.6	10.0	7.1	9.1	6.3
2000:2	2.7	9.0	6.3	7.1	4.4
2000:3	2.0	5.9	3.4	5.5	3.0
2000:4	2.0	3.4	1.1	4.9	2.6
2001:1	0.9	1.1	-1.1	3.4	1.2
2001:2	0.1	5.1	2.7	0.4	-1.9
2001:3	-0.6	3.6	1.5	-1.9	-3.9
2001:4	-2.1	2.2	0.5	-1.3	-3.0
2002:1	-2.6	2.8	1.7	-2.6	-3.7
2002:2	-2.2	0.8	-0.4	-0.6	-1.8
2002:3	-1.3	2.4	0.9	1.1	-0.4
2002:4	-0.4	2.1	0.3	0.4	-1.4
2003:1	0.1	0.9	-1.4	-0.3	-2.6
2003:2	-0.0	1.8	-0.0	1.8	-0.0
2003:3	0.0	3.1	1.3	4.5	2.6
2003:4	0.4	2.7	0.9	3.6	1.8
2004:1	0.7	4.1	2.1	7.2	5.2
2004:2	1.7	5.0	2.2	7.2	4.3
2004:3	1.8	4.3	1.7	6.4	3.7
2004:4	2.3	6.0	2.9	8.9	5.7
2005:1	2.7	5.7	3.0	9.3	6.5
2005:2	2.7	4.6	2.0	9.5	6.7
2005:3	2.9	6.3	3.1	10.4	7.1
2005:4	3.0	6.0	2.9	9.3	6.0
2006:1	3.6	6.5	3.4	9.7	6.5
2006:2	3.5	6.5	3.3	7.8	4.6
2006:3	3.5	7.7	5.0	6.1	3.5
2006:4	3.1	7.5	5.5	6.2	4.1
2007:1	2.5	7.3	5.3	3.8	1.9
2007:2	2.5	7.2	5.8	4.8	3.4
2007:3	2.4	7.2	5.7	5.4	3.9
2007:4	2.3	6.8	5.0	6.1	4.3
2008:1	2.2	6.6	4.9	6.3	4.5
2008:2	2.2	6.6	4.8	6.5	4.6
2008:3	2.1	6.8	4.9	6.2	4.3
2008:4	2.0	6.6	4.9	5.7	4.0
2009:1	1.9	6.6	4.9	5.3	3.7
2009:2	1.7	6.4	4.8	4.9	3.3

* Based on Revenue Act tax liability (constant rate/base). Deflator for real growth is the personal consumption deflator. Revenue Act consists of the sales, use, B& O, and public utilities taxes.

General Fund-State

Biennial Growth

June 2006 Forecast

General Fund-State Collection Growth ¹			Adjusted Growth Major Taxes ²
Total GFS Current Dollars			2000 Chained Dollars
Biennia			
1971-73	10.9%		7.6%
1973-75	23.4%		8.7%
1975-77	43.1%		14.8%
1977-79	32.3%		23.6%
1979-81	19.3%		3.4%
1981-83	27.0%		-7.1%
1983-85	20.6%		3.4%
1985-87	16.7%		4.9%
1987-89	14.2%		9.9%
1989-91	21.7%		15.0%
1991-93	11.7%	10.3 *	4.5%
1993-95	11.5%	7.7 *	6.2%
1995-97	6.5%	10.6 *	6.0%
1997-99	11.2%	14.5 *	12.2%
1999-01	8.4%	12.0 *	7.6%
2001-03	-0.6%	1.9 *	-1.1%
2003-05	10.6%	10.3% *	8.6%
2005-07 ^F	15.3%	16.3% *	10.9%
2007-09 ^F	9.3%	8.8%	8.0%

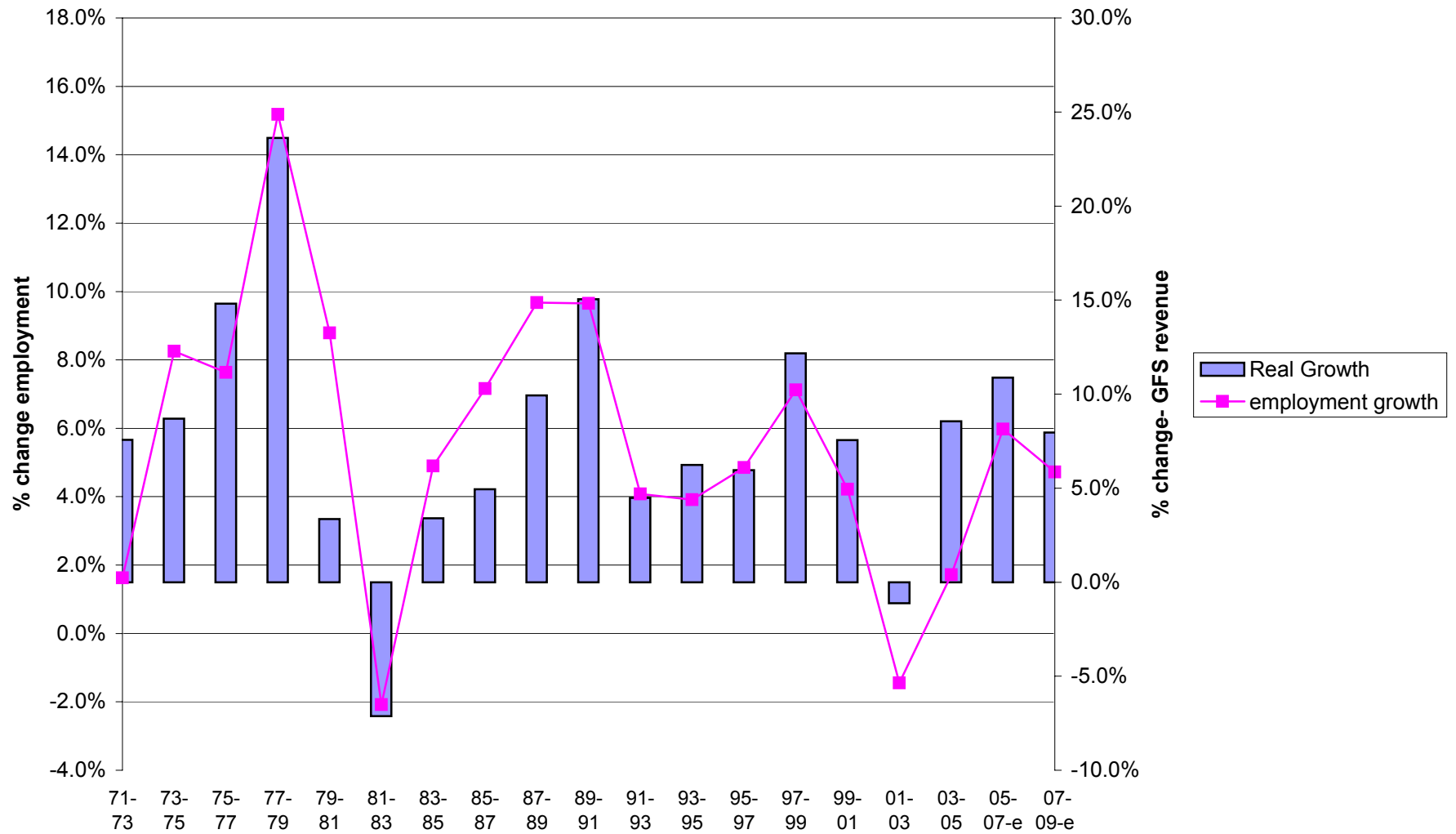
* Growth adjusted for major non-economic changes.

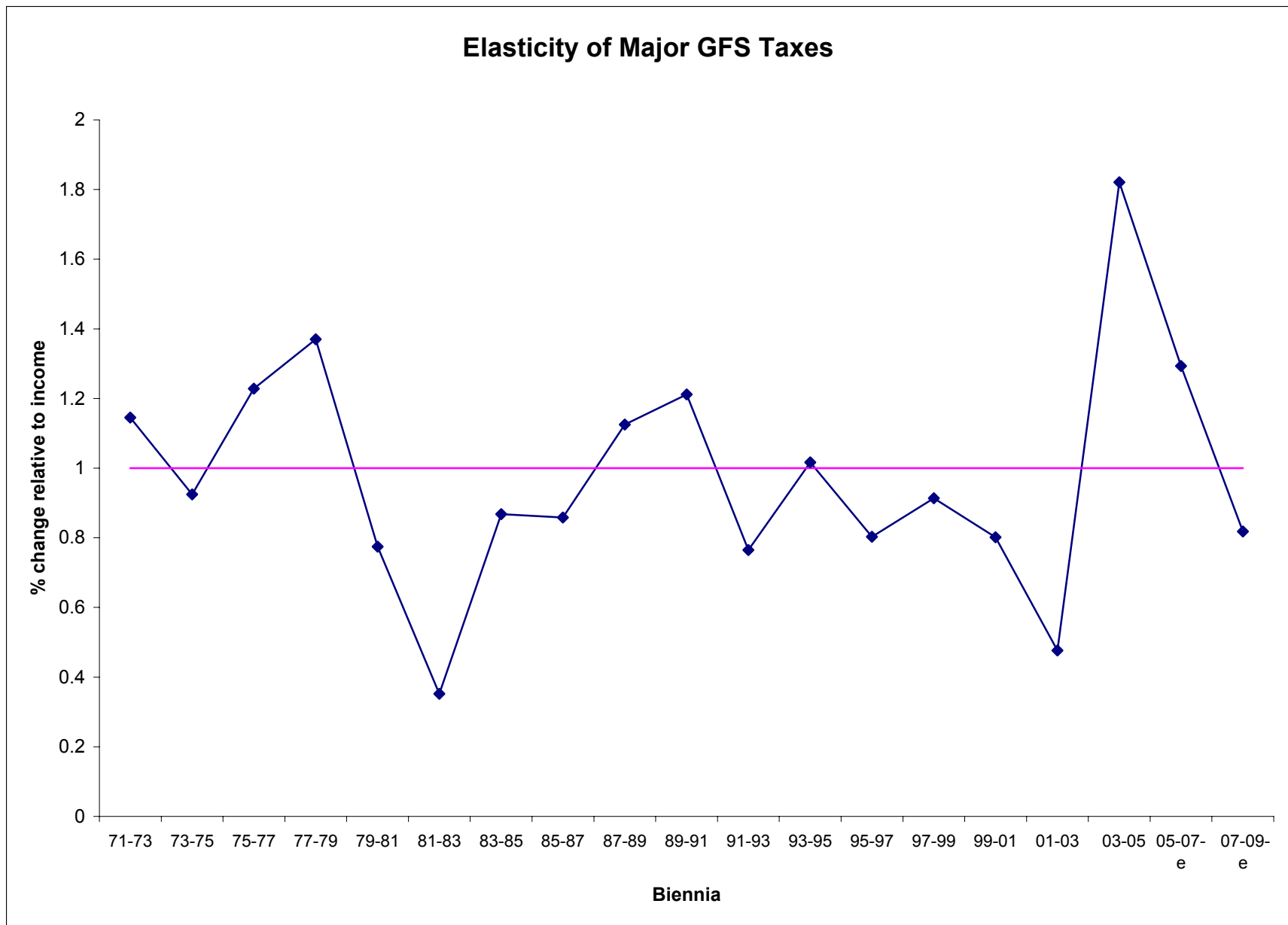
1 Actual growth in Total General Fund-State tax receipts includes growth due to changes in tax rates, the tax base as well as administrative and accounting changes. Represents growth of revenue available for appropriation. Growth is affected by factors other than economic performance, hence the growth rates may not be comparable among biennia.

2 Estimated growth of six major taxes (sales, B&O, use, public utility, real estate excise, and property) on a tax liability basis, adjusted to a constant rate and base and adjusted for price changes. The growth rates in this column provide a measure of how revenue growth varies over time and with the economy.

F Forecast

Real Growth of the Taxbase of Major GFS Tax Biennia





Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

June 2006 Baseline Forecast

Source/Fiscal	Percentage Change		Personal Income	
	Tax Base Adjusted*	Personal Income-1	Elasticity**	
I. Retail Sales				
	1988	8.0	7.3	1.1
	1989	10.9	9.7	1.1
	1990	13.7	10.5	1.3
	1991	5.7	8.9	0.6
	1992	6.6	6.6	1.0
	1993	4.2	6.9	0.6
	1994	6.3	4.3	1.4
	1995	4.7	5.8	0.8
	1996	3.6	5.8	0.6
	1997	7.1	8.0	0.9
	1998	7.3	8.1	0.9
	1999	7.1	7.8	0.9
	2000	7.4	8.8	0.8
	2001	3.1	3.9	0.8
	2002	-0.6	2.4	-0.3
	2003	2.3	1.8	1.3
	2004	5.1	3.7	1.4
	2005	7.8	5.2	1.5
	2006	8.9	6.3	1.4
	2007	5.0	7.4	0.7
	2008	5.9	6.8	0.9
	2009	5.5	6.6	0.8
II. Business & Occupation				
	1988	10.6	7.3	1.5
	1989	9.4	9.7	1.0
	1990	14.3	10.5	1.4
	1991	6.3	8.9	0.7
	1992	6.4	6.6	1.0
	1993	3.5	6.9	0.5
	1994	2.0	4.3	0.5
	1995	6.8	5.8	1.2
	1996	4.5	5.8	0.8
	1997	9.0	8.0	1.1
	1998	7.2	8.1	0.9
	1999	7.2	7.8	0.9
	2000	5.5	8.8	0.6
	2001	3.0	3.9	0.8
	2002	-3.4	2.4	-1.4
	2003	-2.4	1.8	-1.3
	2004	6.6	3.7	1.8
	2005	9.9	5.2	1.9
	2006	10.6	6.3	1.7
	2007	6.1	7.4	0.8
	2008	6.8	6.8	1.0
	2009	5.3	6.6	0.8

Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

June 2006

*

Source/Fiscal	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income-1	
III. Use			
1988	5.3	7.3	0.7
1989	12.8	9.7	1.3
1990	14.6	10.5	1.4
1991	9.8	8.9	1.1
1992	-0.9	6.6	-0.1
1993	6.8	6.9	1.0
1994	7.0	4.3	1.6
1995	5.8	5.8	1.0
1996	8.2	5.8	1.4
1997	5.5	8.0	0.7
1998	6.8	8.1	0.8
1999	0.8	7.8	0.1
2000	10.3	8.8	1.2
2001	8.2	3.9	2.1
2002	-8.2	2.4	-3.5
2003	-7.8	1.8	-4.3
2004	7.7	3.7	2.1
2005	12.6	5.2	2.4
2006	0.7	6.3	0.1
2007	9.8	7.4	1.3
2008	8.6	6.8	1.3
2009	7.4	6.6	1.1

IV. Public Utility

1988	3.2
1989	0.7
1990	-1.3
1991	7.1
1992	0.0
1993	9.5
1994	13.6
1995	6.5
1996	1.4
1997	1.4
1998	4.0
1999	4.7
2000	7.2
2001	15.4
2002	0.5
2003	-2.0
2004	7.5
2005	6.8
2006	11.0
2007	3.2
2008	3.8
2009	4.4

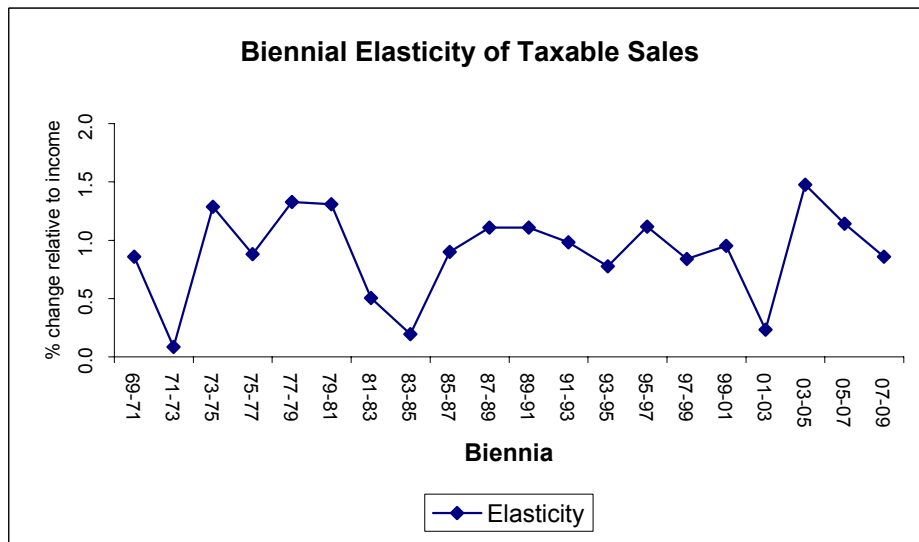
* Based on constant base taxable data.

** Percent changes in taxable activity relative to percent change in personal income.

1 Income adjusted to exclude special dividend payment in fy 05.

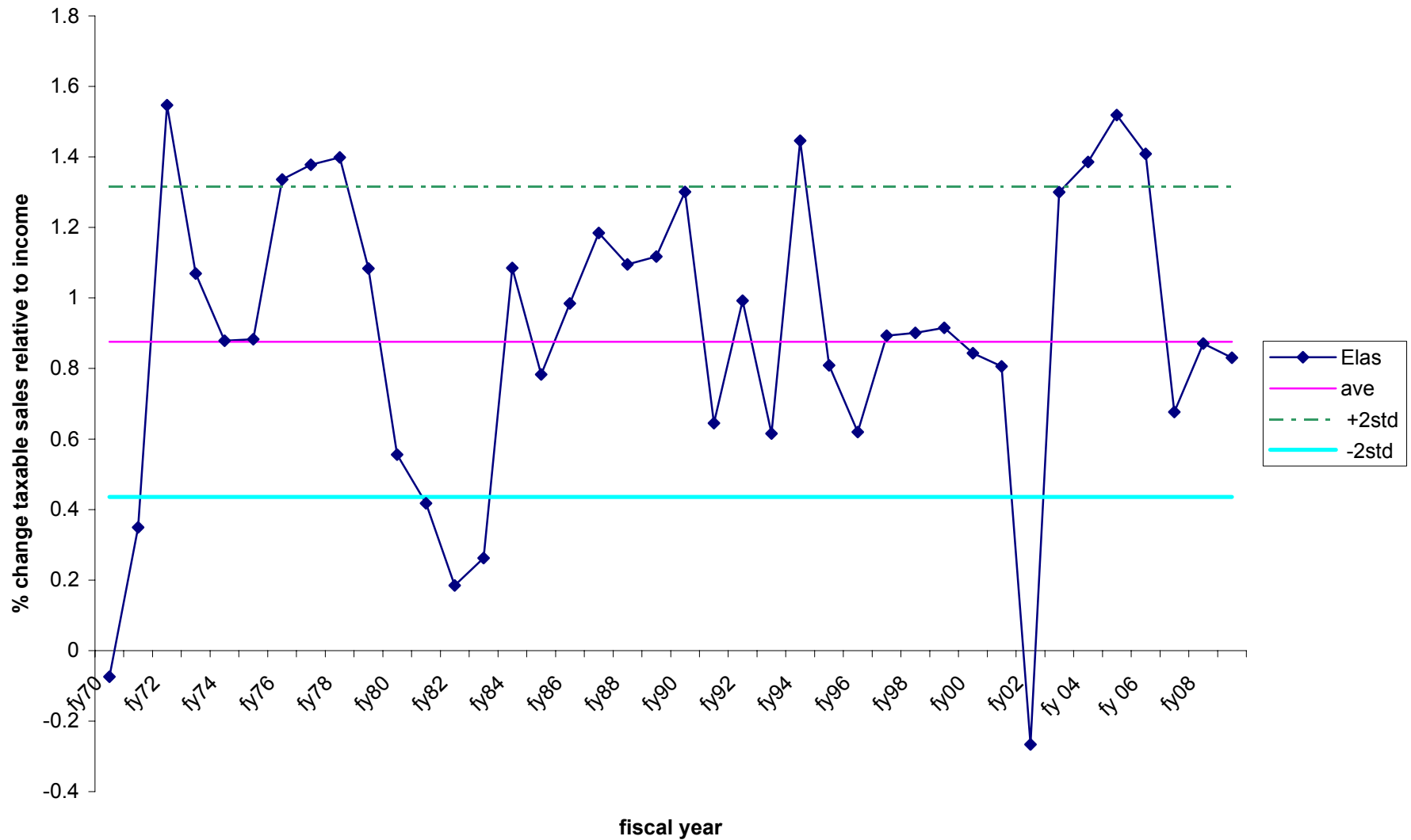
Biennial Elasticity
Taxable Sales (adjusted)
June 2006 Forecast

<u>Biennium</u>	<u>Elasticity</u>	<u>rank</u>
03-05	1.5	1
75-77	1.3	2
77-79	1.3	3
71-73	1.3	4
05-07:Est.	1.1	5
93-95	1.1	6
87-89	1.1	7
85-87	1.1	8
89-91	1.0	9
97-99	1.0	10
83-85	0.9	11
73-75	0.9	12
99-01	0.9	13
07-09:Est.	0.9	14
95-97	0.8	15
91-93	0.8	16
79-81	0.5	17
01-03	0.2	18
81-83	0.2	19
69-71	0.1	19

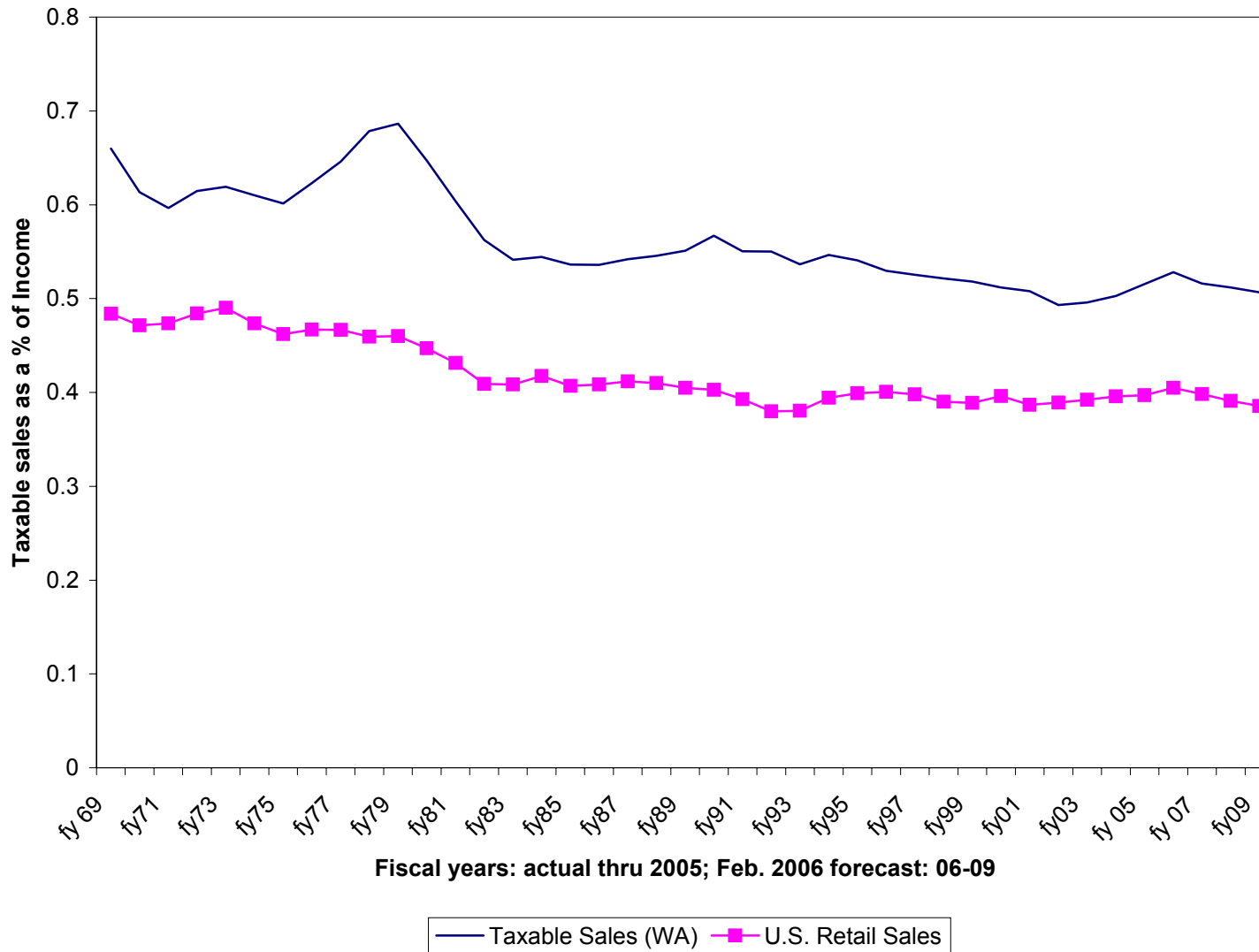


*Percent change taxable sales (adjusted for major base changes) relative to percent changes in income.
(Ave. of the elasticities of the fiscal years of the biennium. Based on the moving average of
state disposable personal income (adjusted for special Microsoft dividend.)

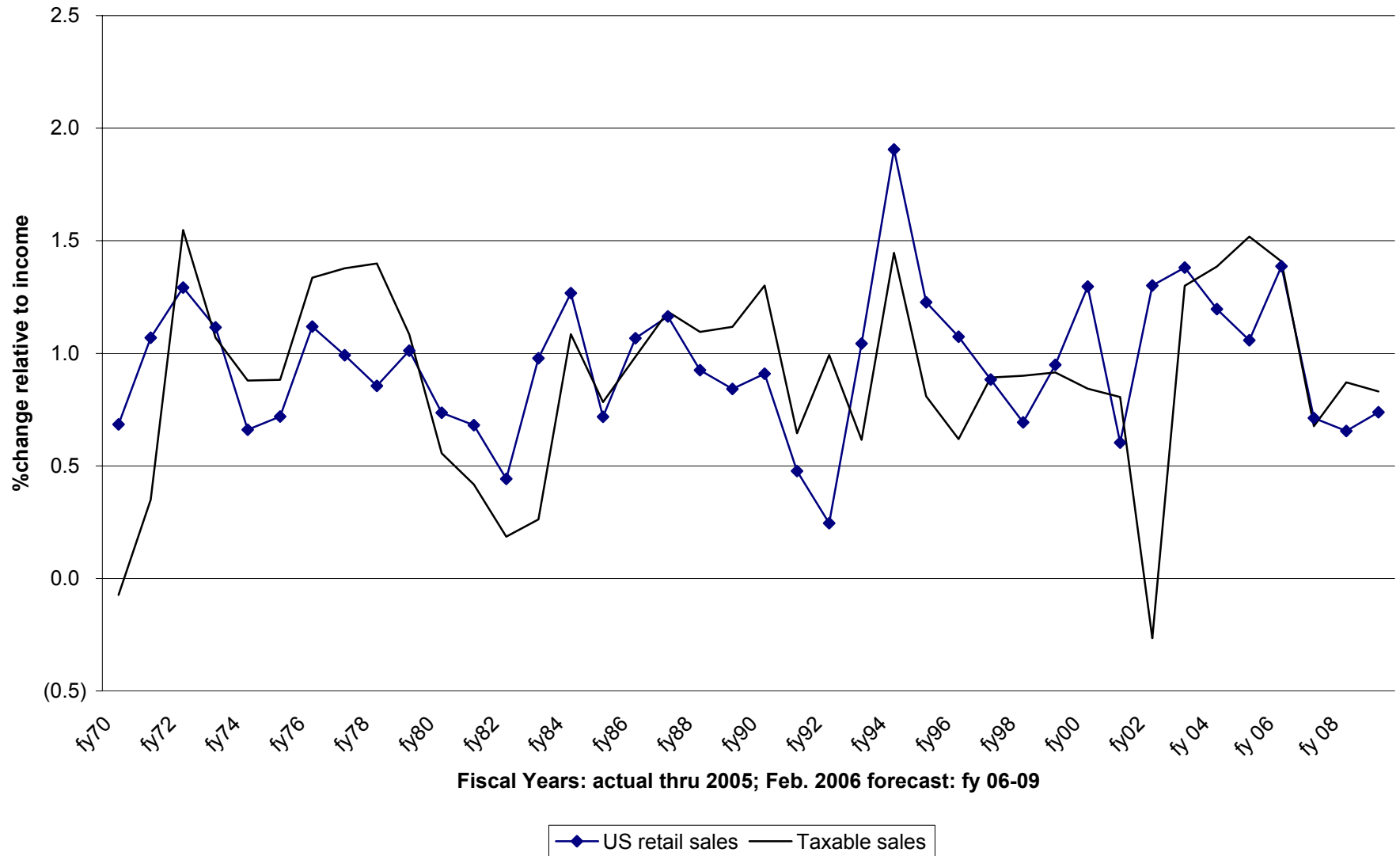
%Change of Taxble Sales* Relative to Income



Taxable Sales (WA) and U.S. Retail Sales as a % of Income

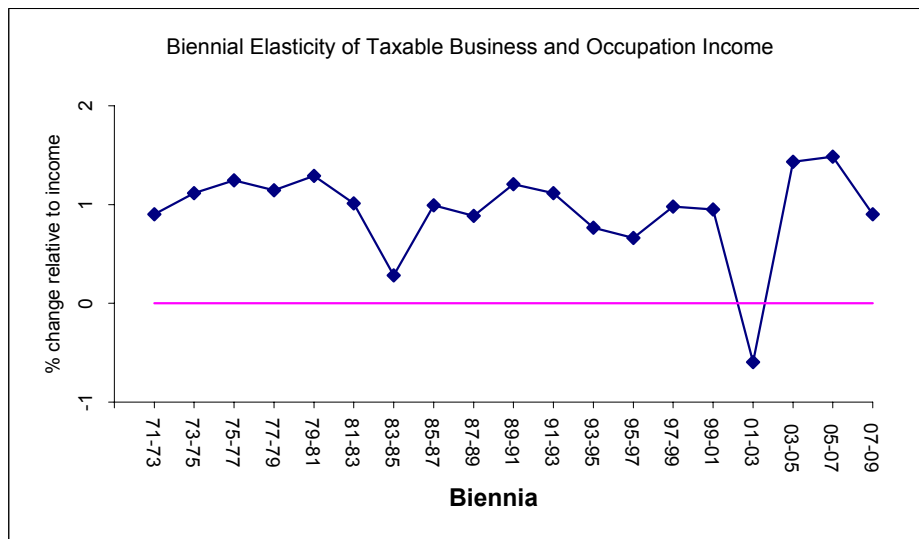


Elasticity: Taxable Sales (WA) and U.S. Retail Sales



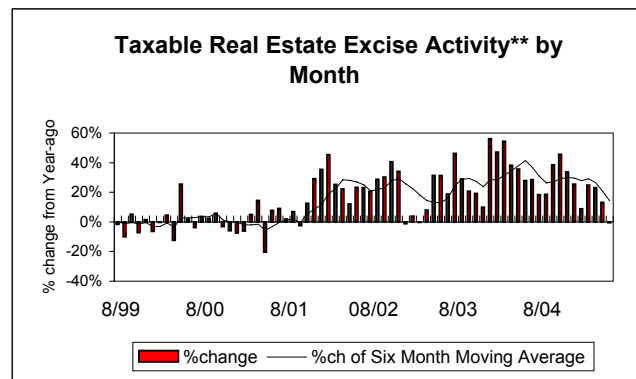
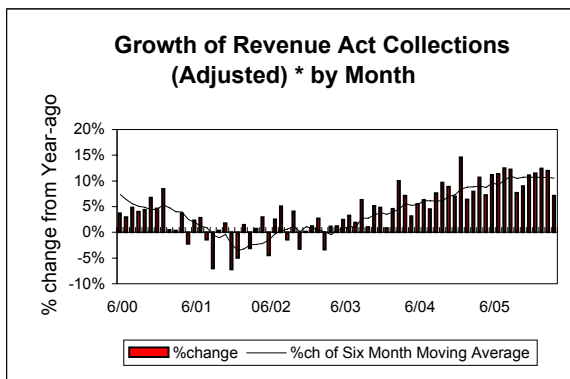
Biennial Elasticity
Taxable Business and Occupation Income (adjusted)
June 2006 Forecast

<u>Biennium</u>	<u>Elasticity</u>	<u>rank</u>
05-07: Est.	1.5	1
03-05	1.4	2
77-79	1.3	3
73-75	1.2	4
87-89	1.2	5
75-77	1.1	6
71-73	1.1	7
89-91	1.1	8
79-81	1.0	9
83-85	1.0	10
95-97	1.0	11
97-99	1.0	12
07-09: Est.	0.9	13
85-87	0.9	14
91-93	0.8	15
99-01	0.7	16
93-95	0.7	17
81-83	0.3	18
01-03	(0.6)	18



Pattern of Monthly Growth in Major Revenue Sources

	Year-over-Year Percent Change Revenue Act*	Real Estate Excise Tax**
Jan. 2005	14.6%	54.4%
Feb. 2005	6.4%	38.1%
March 2005	7.9%	35.6%
April 2005	10.7%	27.7%
May 2005	7.3%	28.4%
June 2005	11.1%	18.4%
July 2005	11.4%	18.5%
August 2005	12.5%	38.4%
Sept. 2005	12.2%	45.5%
Oct. 2005	7.6%	33.6%
Nov. 2005	9.0%	25.4%
Dec. 2005	11.1%	8.9%
Jan. 2006	11.5%	24.8%
Feb. 2006	12.4%	23.2%
Mar. 2006	12.0%	13.1%
April 2006	7.1%	-0.6%



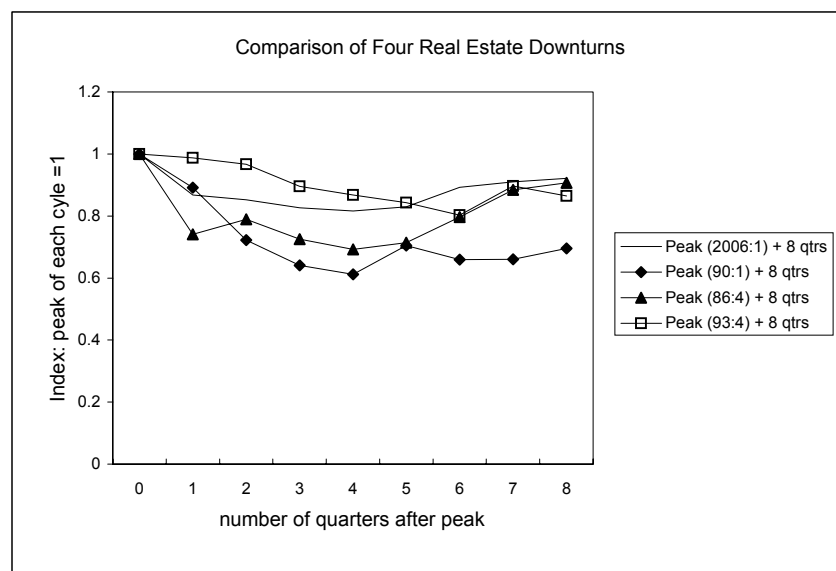
Downturns of the Real Estate Excise Taxbase in the Last 25 years

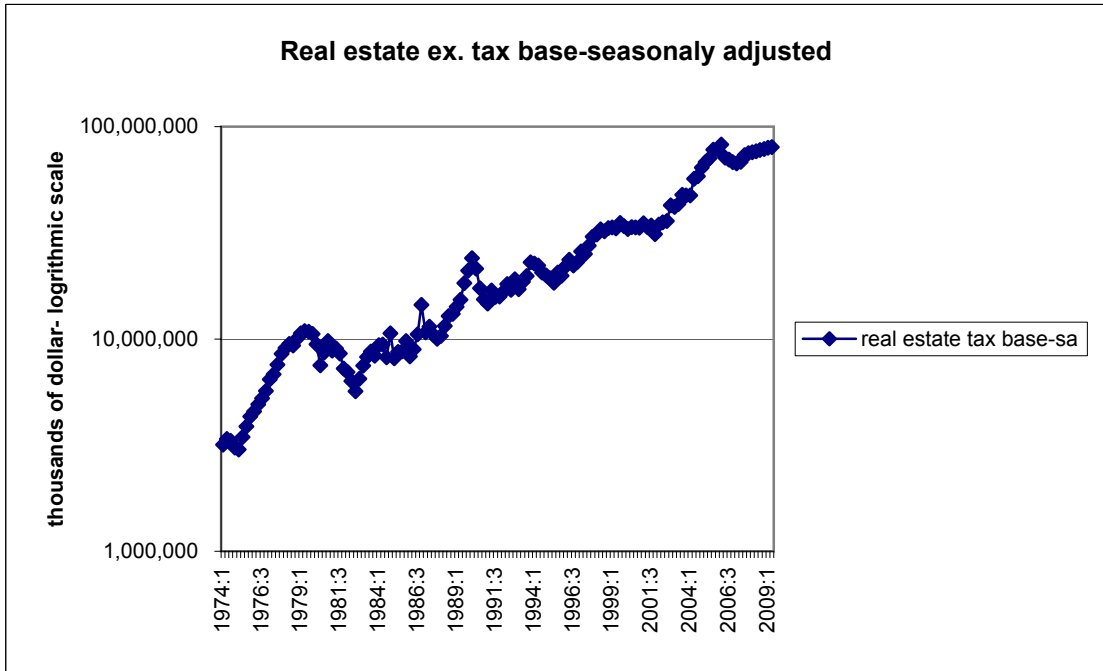
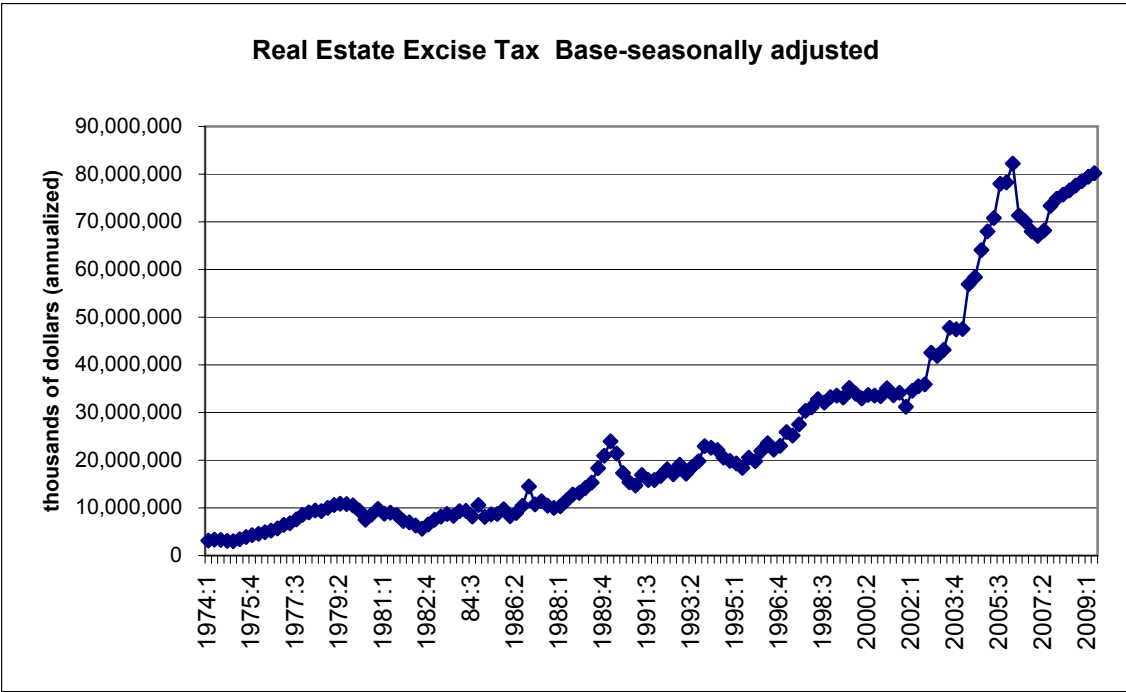
<u>Period</u>	<u>Decline of Taxbase</u>	<u>Number of Qtrs</u>	<u>Peak to Trough Difference in Mtg rate</u>
Peak: 1979:2 Trough: 1980:2	-31.0%	4	3.7
Peak: 1980:4 Trough: 1982:3	-42.1%	7	1.9
Peak: 1986:4 Trough: 1987:4**	-30.8%	4	1.2
Peak: 1990:1 Trough: 1991:1	-38.8%	4	(0.6)
Peak: 1993:4 Trough: 1995:2**	-19.8%	6	0.9
Peak: 1999:3 Trough: 2001:4	-11.3%	9	(1.0)
Average for all downturns	-29.0%	5.7	1.0
Ave.for non recession downturns**	-25.3%	5.0	1.0

June 2006 Forecast

Peak: 2006:1 Trough: 2007:1	-18.4%	4	0.5
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**Non recession downturns





June 2006 Baseline Forecast by Agency
Comparison of Cash and GAAP Basis
(Millions of dollars)

Agency	2003-05 Biennium			2005-07 Biennium			2007-09 Biennium		
	Cash Basis ¹	GAAP Basis ²	Diff.	Cash Basis ¹	GAAP Basis ²	Diff.	Cash Basis ¹	GAAP Basis ²	Diff.
General Fund - State Cash/Revenue Sources									
Department of Revenue ³	\$22,573.4	\$22,771.6	\$198.2	\$26,058.0	\$26,143.5	\$85.5	\$28,476.6	\$28,561.9	\$85.3
Department of Licensing	45.1	46.1	0.9	41.6	41.8	0.2	46.0	46.3	0.3
Insurance Commissioner ⁴	459.9	459.9	0.0	508.7	508.7	0.0	561.9	561.9	0.0
State Treasurer	50.7	52.1	1.4	130.0	130.7	0.7	133.5	133.7	0.2
Office of Financial Management									
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Agencies	211.4	211.4	0.0	218.4	218.5	0.1	225.2	225.3	0.1
Subtotal: General Fund-State Cash/Revenue⁴	23,340.6	23,541.1	200.5	26,956.7	27,043.3	86.6	29,443.2	29,529.1	85.9
General Fund State - Other Financing Sources⁵									
Department of Revenue ⁶	147.0	152.5	5.5	117.7	118.7	1.0	134.7	135.5	0.8
Lottery Commission	4.3	6.1	1.9	7.9	6.0	(1.9)	0.0	0.0	0.0
Insurance Commissioner ⁷	(14.3)	(14.3)	0.0	(15.9)	(15.9)	0.0	(17.6)	(17.6)	0.0
Liquor Control Board	92.0	92.0	0.0	98.4	98.4	0.0	118.5	118.5	0.0
Office of Financial Management									
Other Agencies ⁸	(181.0)	(181.0)	0.0	(197.7)	(197.7)	0.0	(215.5)	(215.5)	0.0
Subtotal: GFS Other Financing Sources	47.9	55.3	7.4	10.3	9.4	(0.9)	20.1	20.9	0.8
Total Available Receipts/Resources									
General Fund-State *	\$23,388.5	\$23,596.4	\$207.9	\$26,967.0	\$27,052.7	\$85.7	\$29,463.3	\$29,550.0	\$86.7

* Detail may not add due to rounding.

1 General Fund-State cash receipts forecast.

2 General Fund-State Revenue Forecast on a GAAP (Generally accepted accounting principles) basis, used to show the state revenue position for financial reporting purposes.

3 Excludes the state share of the timber tax and unclaimed property transfers.

4 Total insurance premiums tax.

5 Other financing sources represent transfers to/from other funds from/to the General Fund.

6 Includes the state share of the timber excise tax and unclaimed property transfers.

7 Portion of fire insurance premiums transferred out of the General Fund

8 Agency 701 and accounting sources: 480 and 481 for all other agencies.

General Fund-State And Near General Fund-State
June 2006 and February 2006 Forecast
2005-07 & 2007-09 Biennia
Millions of dollars

	2005-07 Biennium			2007-09 Biennium			Change From 2005-07	
	<u>Feb. 2006 Forecast</u>	<u>June 2006 Forecast**</u>	<u>Difference</u>	<u>Feb. 2006 Forecast</u>	<u>June 2006 Forecast**</u>	<u>Difference</u>	<u>Amount</u>	<u>Percent</u>
General Fund-State	\$ 26,443.0	\$ 26,967.0	\$ 523.9	\$ 29,027.7	\$ 29,463.3	\$435.6	\$2,496.3	9.3%
Near General Fund*								
Health Services Account	986.5	1,005.3	18.8	1,022.4	1,028.4	6.0	23.0	2.3%
Violence Reduction and Drug Enforce.Acct.	92.3	93.0	0.6	92.7	94.0	1.3	1.0	1.1%
Water Quality Account	44.0	45.3	1.3	43.4	43.6	0.2	(1.7)	-3.7%
Student Achievement Account	630.5	632.5	2.0	875.8	875.6	(0.2)	243.1	38.4%
Public Safety and Education Account	173.1	167.1	(6.0)	190.7	187.0	(3.8)	19.9	11.9%
Total Near GF	1,926.5	1,943.2	16.7	2,225.0	2,228.5	3.5	285.3	14.7%
Total GF and Near GF	\$ 28,369.5	\$ 28,910.2	\$ 540.7	\$ 31,252.7	\$ 31,691.8	439.1	2,781.6	9.6%

*Cash forecast; includes interest earnings.

** Includes the impact of 2006 legislation.

General Fund-State and Near General Fund
History/Forecast by Fiscal Year
June 2006 - Millions of Dollars

	General Fund-State		Near General Fund		GFS and Near GFS	
	Level	% Change	Level	% Change	Level	% Change
fiscal 1995	8,551.3		247.2		8,798.5	
fiscal 1996	8,581.2	0.3%	352.5	42.6%	8,933.7	1.5%
fiscal 1997	9,056.6	5.5%	392.7	11.4%	9,449.3	5.8%
fiscal 1998	9,640.9	6.5%	413.5	5.3%	10,054.4	6.4%
fiscal 1999	9,979.2	3.5%	430.0	4.0%	10,409.2	3.5%
fiscal 2000	10,433.2	4.5%	418.9	-2.6%	10,852.0	4.3%
fiscal 2001	10,828.9	3.8%	442.2	5.6%	11,271.1	3.9%
fiscal 2002	10,450.7	-3.5%	706.7	59.8%	11,157.5	-1.0%
fiscal 2003	10,689.9	2.3%	779.9	10.4%	11,469.9	2.8%
fiscal 2004	11,321.2	5.9%	841.7	7.9%	12,162.9	6.0%
fiscal 2005	12,067.3	6.6%	807.6	-4.1%	12,874.9	5.9%
fiscal 2006	13,259.0	9.9%	930.8	15.3%	14,189.9	10.2%
fiscal 2007	13,707.9	3.4%	1,012.4	8.8%	14,720.3	3.7%
fiscal 2008	14,345.0	4.6%	1,092.0	7.9%	15,437.0	4.9%
fiscal 2009	15,118.3	5.4%	1,136.5	4.1%	16,254.8	5.3%

General Fund - State Cash Receipts

June 2006 Forecast by Fiscal Year
(Millions of Dollars)

	<u>General Fund - State</u>	<u>Percent Change</u>
Fiscal Years		
1986	\$4,566.2	
1987	5,008.4	9.7%
1988	5,248.1	4.8%
1989	5,686.0	8.3%
1990	6,505.4	14.4%
1991	6,803.5	4.6%
1992	7,297.6	7.3%
1993	7,564.6	3.7%
1994	8,013.4	5.9%
1995	8,551.3	6.7%
1996	8,581.2	0.3%
1997	9,056.6	5.5%
1998	9,640.9	6.5%
1999	9,979.2	3.5%
2000	10,433.2	4.5%
2001	10,828.9	3.8%
2002	10,450.7	-3.5%
2003	10,689.9	2.3%
2004	11,321.2	5.9%
2005	12,067.3	6.6%
Forecast		
2006	13,259.0	9.9%
2007	13,707.9	3.4%
2008	14,345.0	4.6%
2009	15,118.3	5.4%

Risks to the Forecast

Optimistic (20% Probability).

U.S.

- Stronger productivity growth
- Stronger foreign economic growth
- Stronger dollar
- Stronger business investment
- Lower federal government budget deficits
- Stronger housing starts
- Lower energy prices

Washington

- Stronger population growth
- Stronger aerospace employment growth
- Stronger construction employment growth
- Stronger wage growth
- Higher local inflation
- Higher personal income

Pessimistic (30% Probability).

U.S.

- Higher oil prices
- Less excess capacity
- Weaker dollar
- Higher interest rates
- Larger federal deficit
- Housing bubble bursts

Washington

- Weaker population growth
- Weaker aerospace employment growth
- Weaker construction employment growth
- Weaker wage growth
- Lower local inflation
- Lower personal income

Debt-Equity Ratio for Household Real Estate

